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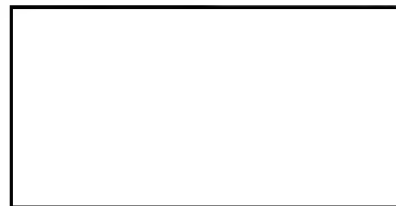
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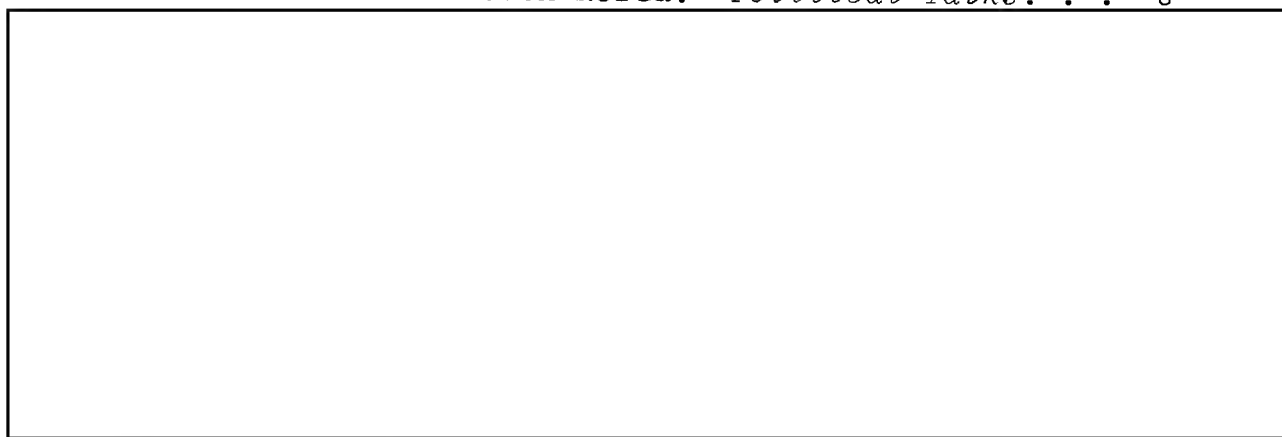
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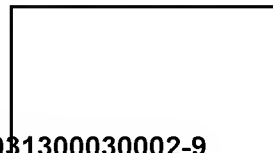
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The Overnight Reports, printed on yellow paper as the final section of the *Daily*, will often contain materials that update the Situation Reports and Briefs and Comments.

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NORTH KOREA - SOUTH KOREA: Political Talks

After two months of procedural sparring, attempts to resume a dialogue between North and South Korea remain deadlocked on the key issue of representation. Pyongyang, which wants the contacts to continue and also wants to appear responsive, has called for another meeting on 10 April. After three meetings at Panmunjom, Seoul is still wary of North Korea's intentions but probably recognizes that it cannot temporize indefinitely.

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The preliminary talks on re-establishing the dialogue bogged down in mid-March because South Korea wanted to negotiate on a government-to-government basis and was reluctant to recognize the "unofficial" credentials of the North Korean delegates. Since then, the two sides have been unable to agree even on a meeting date.

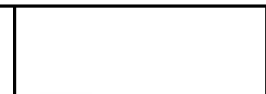
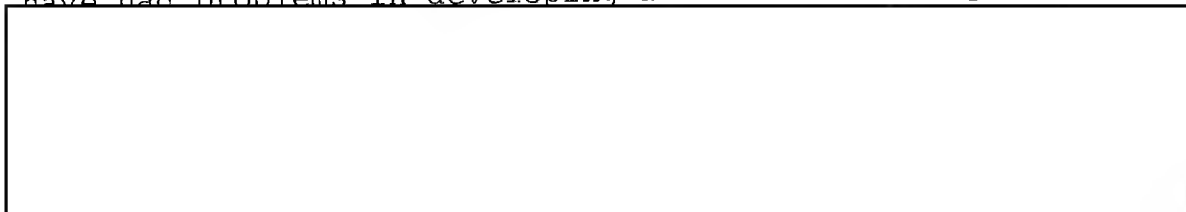
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The North Koreans, in continuing to pursue a dialogue on reunification, hope to deflect pressure from the major powers for an imposed "two Koreas" solution and facilitate further US troop withdrawals. Pyongyang also hopes to undermine the legitimacy of the government of President Pak by opening the talks to opposition groups in the South.

North Korea has ended most of its polemics against the Pak government and has modified its negotiating stance somewhat to accommodate Seoul's position. The North has also opened indirect and unpublicized trade contacts with the South, a type of limited confidence-building gesture that it avoided during the government-to-government dialogue of the early 1970s.

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The South Koreans, who have been taken aback by the speed and dexterity of North Korea's political offensive, have had problems in developing a coordinated response.



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SPECIAL ANALYSIS

USSR: Challenge to African Policy

The USSR owes what influence it has in Africa today primarily to its military assistance programs. Some recipients of Soviet military aid, however, are now less concerned about their security needs and increasingly interested in economic development. In recent years, the USSR has not used economic aid to compete with Western countries for influence in the Third World, but some Soviet scholars are urging Moscow to alter its approach to development assistance in an effort to preserve its gains from military aid. Bureaucratic inertia, however, will probably prevent a major change in Soviet policy in the short run.

The Nigerian press has become particularly critical of Soviet assistance in Africa. One recent commentary in a progovernment newspaper complained that the Soviets concentrate on giving military assistance to countries whose survival is threatened but do not follow up with economic development assistance that is needed over the long haul. According to the author, these countries that would prefer "to remain socialist" turn to the West for what Moscow is unwilling to supply. The editorial cited the examples of Guinea, Sudan, and others and predicted that Angola, Mozambique, and Ethiopia will also turn to the West when the enthusiasm of "military brotherhood" with the USSR has waned.

Nigeria has received only small amounts of Soviet military aid, but the government's dissatisfaction with Soviet performance in construction of a major iron and steel complex has contributed to a general decline in relations with the USSR.

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Angola has not publicly criticized Moscow's military or economic assistance but the government of President Neto is exploring the possibility of diversifying its sources of economic assistance. Until now it has received less than \$5 million of Soviet economic aid and Neto has made overtures to the US, moved to improve relations with France and Portugal, and is considering association with the EC under the Lome Convention.

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The Soviet-Ethiopian relationship is a marriage of convenience. During the past year, both sides have tried to minimize frictions in their relationship in order to concentrate on military objectives in Eritrea and the Ogaden. Now that Ethiopian leader Mengistu seems to have weathered the worst militarily, he is apparently looking ahead to economic development. This will present new challenges to the Soviets.

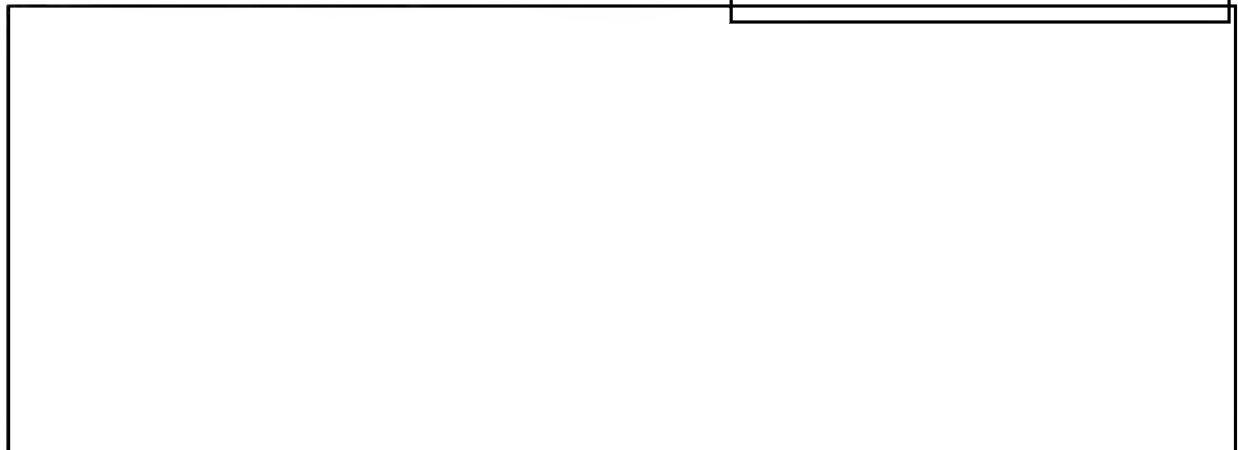
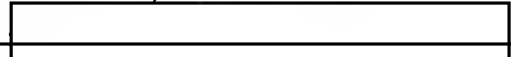
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Even when Ethiopia's need for Soviet military support was at its peak, Ethiopians were privately critical of the Soviets. They complained about the price the Soviets paid for Ethiopian coffee and the inflated prices the Soviets charged for civil aircraft and military equipment.

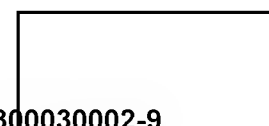
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Soviet Aid Policies

In its aid programs in the Third World, the USSR has consistently tried to avoid spending hard currency. It has emphasized military aid and high-visibility heavy industrial projects in countries undergoing sociopolitical transformation of an "anti-imperialist" nature. In effect, aid was directed at political, not economic, goals. This has offered short-term payoffs but fostered long-term setbacks. [REDACTED]

Some scholars at the USSR's African Institute question this approach. They have told US officials that Soviet aid should give increased attention to agricultural and rural development. They want more attention given to the local traditions of developing societies rather than insisting that development follow the Soviet model. In agriculture, for example, they suggest that Soviet-style collectivization would serve more as a general guideline than as a precise model for agricultural reform. [REDACTED]

The conservative Soviet system does not encourage or promote those who challenge established policies, and normally the views of these scholars would be unlikely to reach the policymakers. In this case, however, Foreign Minister Gromyko's son is the director of the African Institute, and this could provide some access to decisionmakers. At a minimum, the fact that some discussion is taking place indicates increased sensitivity to the shortcomings of Soviet aid policies. [REDACTED]

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OVERNIGHT REPORTS

(The items in the Overnight Reports section have not been coordinated within the intelligence community. They are prepared overnight by the Office of Current Operations with analyst comment where possible from the production offices of NFAC.)

Vietnam-China

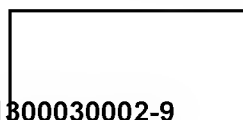
According to a Western wire service report, Vietnamese Vice Foreign Minister Phan Hien, responding to a question in a press conference today as to whether Hanoi would no longer make China's withdrawal of troops from Vietnamese territory a precondition to negotiations, allegedly replied, "Henceforth, the sole condition is that the Chinese negotiators apply for a visa to enter Vietnam." Phan Hien, who would be the chief Vietnamese negotiator, said the talks could begin about next Tuesday.

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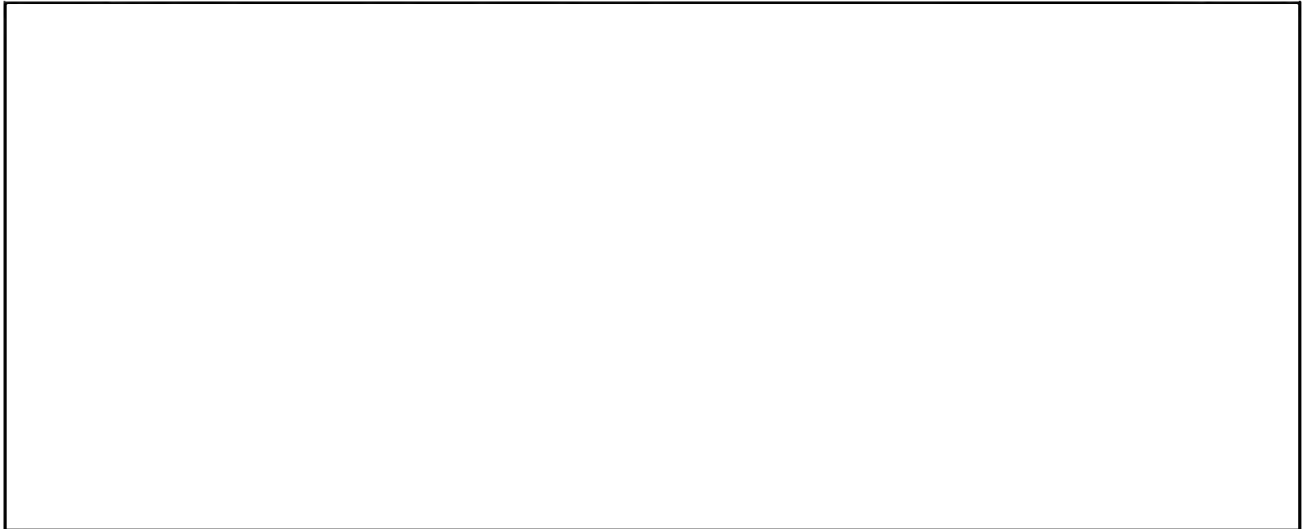
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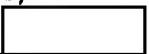
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USSR-Angola

A Western wire service quotes Luanda radio as saying yesterday that a large Soviet naval fleet is holding "navigation exercises" in the South Atlantic. The broadcast said one of the ships, the aircraft carrier Minsk, is in the harbor of the capital for a goodwill visit.

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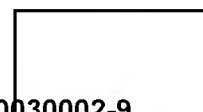
EC-Turkey-Greece

EC foreign ministers agreed yesterday in Luxembourg to create a special fund of around \$100 million to make grants and soft loans to Turkey. The aid is an interim step to a longer term financial accord to be discussed by EC and Turkish officials later this year. The foreign ministers also set 28 May as the date for signing the treaty admitting Greece as the tenth EC member-state, the phased entry to begin in 1981.



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China

The US Embassy in Beijing reports that the founder and leader of the Chinese dissidents' human rights alliance was arrested at Democracy Wall in the capital today as he attempted to display a poster opposing official criticism of the human rights movement. The Embassy notes that tension was high among the crowd of 200 to 300 observers, but the human rights activists' scuffle with public security police was brief and generally nonviolent. Yesterday, the Embassy reported

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[redacted] that at least 30 dissident leaders had been arrested in a crackdown against open protest in the capital. Officially inspired activities to commemorate the Tiananmen Square incident are continuing today and should peak tomorrow, the third anniversary of those demonstrations in support of a then-beleaguered Deng Xiaoping.

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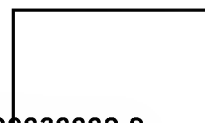
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Spain

Incomplete returns from yesterday's municipal elections in Spain indicate the outcome will likely approximate what had been anticipated. Prime Minister Suarez' Union of the Democratic Center is doing quite well outside the major cities other than in the troubled Basque region, where the Basque Nationalist Party in particular apparently decisively defeated the Socialists as well as Suarez' party. The Socialists reportedly have won outright control of Barcelona's municipal council--and thus will be able to select the mayor--but may need Communist support to control the council in Madrid; Communist Party chief Santiago Carrillo will meet with Socialist leaders today on that subject. Voter turnout was officially pegged at 65 percent, slightly below the level of participation in the national election on 1 March.

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EC-GATT

According to Western wire service reports from Luxembourg, where EC foreign ministers were meeting, Italy early today held up final EC acceptance of the new terms for the 95-nation General Agreement on Tariffs and Trade. The agreements are scheduled to be initialed in Geneva next week, and both Italian and EC officials hope that Rome's desires--principally better terms for Italian table grapes and woolen textiles--can be resolved by that time. The UK and France reportedly also indicated concern over the adequacy of concessions the EC Commission has obtained in recent negotiations with the US and Japan.

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USSR

The US Embassy in Moscow reported yesterday that the Soviet Ministry of Justice has published a "white book" rehashing earlier charges of Zionist and Western intelligence collusion in anti-Soviet activities.

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The Embassy finds the tone and content of the new publication "fiercely combative" and believes it received a review at fairly high levels in Moscow. Soviet authorities, the Embassy suggests, are indeed disturbed over the current record levels of emigration applications and would like to find ways, other than simple refusals, to keep emigration under control.

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Greenland

The island's voters today are electing their first Parliament under the home rule approved earlier this year in a referendum. Denmark will retain responsibility for defense and foreign affairs affecting Greenland but will gradually relinquish other aspects of its control after home rule is instituted on 1 May.


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